

CASH MANAGEMENT

I. CASH HANDLING

This Administrative Regulation establishes cash handling procedures to ensure proper internal controls, segregation of duties, and adequate safeguards of District assets. Strong internal controls for cash collection are necessary to prevent mishandling of funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process.

All areas that receive cash shall be approved by the District Executive Director of Fiscal Services, or designee, to be designated as cash collection points. A cash collection point is defined as a department or other entity that handles cash on a regular basis. Although departments and other entities with casual cash collections are not recognized as cash collection points, they shall follow the same cash handling policies and procedures that apply to the designated cash collection points. "Cash" is defined as coin, currency, check, money order, and credit/debit card transactions.

Required procedures for all cash handling include the following:

1. Accounting for cash as it is received using the guidelines in Section B.
2. Segregating duties adequately, which includes cash invoicing, collecting, depositing, and reconciling. The same individual cannot invoice, collect money, prepare deposit, and reconcile activity. If staffing is inadequate to accomplish this procedure, contact the college Fiscal Office for alternate arrangements.
3. Issuing proper district pre-numbered receipts or software generated receipts for any cash received.
4. Approving of any voided cash receipts by area supervisor.
5. Depositing of cash promptly into an authorized District/college account.
6. Reconciling validated deposit forms to supporting documentation and to the account statement.
7. Altering cash handling procedures shall be recommended by the respective college Fiscal Office and approved by either the Executive Director of Fiscal Services or the Vice Chancellor of Business Services.
8. Safeguarding of cash properly.

A. Establishing Cash Collection Points

Before cash collection begins, departments shall submit a request to District Accounting that includes the following:

- i. Approval from the College Director of Fiscal Services, Vice President for College Administrative Services, or designee.
- ii. Reason(s) why cash collection point is needed.
- iii. A list of those positions involved with the cash collection point, a description of their duties, and how segregation of duties will be maintained.
- iv. Whether there is a need for a change advance.
- v. A description of the reconciliation process, including frequency of reconciliation.
- vi. A description of the process for safeguarding cash until it is deposited.
- vii. A schedule of how often cash deposits will be made.

The request will be reviewed, and if appropriate, approved by the District Executive Director of Fiscal Services. District Accounting shall maintain a list of all authorized cash collection points.

B. Guidelines for Cash Collection Points

The following guidelines are required for the operation of cash collection points.

- i. All cash received shall be recorded through a cash collection software program, cash register, or the customer shall be presented a pre-numbered receipt form with a duplicate record being retained by the receiving department. All numbered receipts shall be accounted for, including voided receipts. Approved pre-numbered receipts are available at the District Fiscal Office Accounting if needed.
- ii. Receipts shall include the date, mode of payment (cash, check, or credit card), and the identification of the department and the person issuing the receipt. Machine-generated receipts shall contain similar information. Credit/debit card information shall not be retained. (See BP 3740 - *Compliance with Payment Card Industry Data Security Standards* and AR 3725 - *Information Security Program Overview*.)
- iii. Only one cashier is allowed access to their login to the cash collection software program, register, or cash drawer during a single shift. The cash register shall be locked or inactivated when the cashier has to leave the office (e.g. taking a break).
- iv. The funds received shall be reconciled by type to the cash register tape, reconciliation report, or to the pre-numbered receipts at the end of the day or at the end of each shift.
- v. All checks, cash, and credit card receipts shall be protected by using a cash register, safe, or other secure place until they are deposited. A secure area for processing and safeguarding funds received shall be provided and restricted to authorized personnel.

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- vi. Checks shall be made payable to the college or District name and shall be endorsed promptly with a bank endorsement stamp payable to SOCCCD.
- vii. Collections of more than \$500 shall be deposited to the appropriate location or cashier's office within 24 hours; amounts less than \$500 shall be deposited in no fewer than three business days. Deposits received/made after the business office or cashier's office hours shall be secured or can be put in the Cashier's Office Night Drop safe for safekeeping.
- viii. All funds shall be deposited intact, and not intermingled or substituted with other funds.
- ix. Refunds shall be paid through the appropriate budget with a District-generated check or credit card refund.
- x. When cash is received through the mail, it shall be opened in the presence of two employees with no responsibility for invoicing, collecting, depositing, or reconciling. If such an arrangement is not feasible, then two people shall be present when mail is opened. All checks shall be endorsed with a bank endorsement stamp. All receipts of cash through the mail shall be listed in a log.

II. PETTY CASH FUND

The District allows petty cash funds to be used for small, urgent purchases under \$150, with appropriate approvals.

A. Definitions

- i. Petty Cash Administrator: Positions responsible for designating the Petty Cash Custodian include the Executive Director of Fiscal Services, the Assistant Director of Fiscal Services, and the Vice President for College Administrative Services. Established cash handling operations include segregation of duties or accountability and thorough management supervision and review.
- ii. Petty Cash Custodian: The employee who has been authorized to make payments from a petty cash fund and who is directly responsible for the administration of the fund. This individual is designated by the Petty Cash Administrator and has exclusive access and control of the fund.

B. Establishing a Petty Cash Fund

Petty cash funds will be established in the name of the custodian. An approved District Petty Cash Fund Request form FS#403 shall be received in District Accounting to establish a petty cash fund. Funds shall be kept in a secure location with access only by the custodian. The total fund amount requested should be based on the needs of the department with a maximum amount of \$2,500.

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C. Petty Cash Fund Purchases

- i. Advance: Cash may be advanced to an employee for no more than \$150 with an approved District Petty Cash Fund Advance Request form FS#404. Original receipts and remaining cash shall be turned in to the Petty Cash Custodian within two (2) business days of the purchase.
- ii. Reimbursement: Original receipts up to \$150 may be submitted for reimbursement from the petty cash fund by attaching them to an approved District Petty Cash Fund Reimbursement form FS#404. Original receipts must include the store name, purchase date, itemization of items purchased, and proof of payment. Receipts must be fewer than 30 days old and for allowable purchases. Any exceptions must be approved by the Vice Chancellor of Business Services or designee.

Allowable purchases:

- Supplies – instructional or office supplies
- Maintenance – supplies to maintain facilities or equipment
- Vehicle repair supplies

D. Replenishing a Petty Cash Fund

Petty cash funds shall be reconciled on a weekly basis by the Petty Cash Custodian. Requests for replenishment should occur when reasonable, but at least monthly. The Petty Cash Custodian is responsible for completing the District Petty Cash Fund Replenish Request form FS#405. This documentation and original receipts shall be sent to the District Accounting Office, which shall issue a check to reimburse the custodian.

All funds must be replenished at the Fiscal Year End so there are no outstanding receipts as of June 30.

E. Changing the Custodian

The Petty Cash Administrator is responsible for reporting any changes in petty cash custodians to the District Accounting Office using the Petty Cash Fund Change of Custodian form FS#406.

- i. When a new custodian takes charge of a petty cash fund, the former custodian replenishes the fund, if necessary, so that the cash balance of the fund is the authorized amount.
- ii. The Administrator sends the completed form to District Accounting indicating:
 - Removal of the former custodian from the fund,
 - The new fund custodian’s name, and
 - Signature of the new custodian
- iii. This form must be on file prior to any petty cash replenishments to the new custodian.

F. Increasing/Decreasing/Closing a Petty Cash Fund

- i. Increasing a petty cash fund: When additional petty cash funds are needed, the designated Administrator sends written notice to the Executive Director of Fiscal Services justifying the increase. The Administrator submits an ad hoc payment request payable to the fund custodian in the amount of the requested increase.
- ii. Decreasing a petty cash fund: A petty cash fund should be reduced if the amount of the fund exceeds the actual needs of the college. The amount that is no longer needed should be returned to the District Accounting Office to be deposited into the revolving account.
- iii. Closing a petty cash fund: When a petty cash fund is no longer needed, the custodian should replenish the fund to the authorized amount for proper accounting. This amount must then be returned to the District Accounting Office and deposited into the revolving account.

G. Overages and Shortages

Both overages and shortages will be reconciled with the next replenishment from an account designated by the college.

Significant variances shall be immediately reported to the Executive Director of Fiscal Services and an unusual occurrence report shall be completed by college police.

III. CHANGE FUND

The District allows certain areas to have funds available to make change. Those areas will be issued a check from the District Revolving Fund upon receipt of a request naming an authorized custodian for the funds. The authorized custodian will be responsible for the integrity of the funds.

These funds shall not be used as petty cash or to reimburse an individual. Shorted amounts will be the responsibility of the authorized custodian of the change fund.

Change funds will be established in the name of the custodian. An approved District Change Fund Request form FS#70 shall be received in District Accounting to establish a change fund. Funds shall be kept in a secure location with access only by the custodian. The total fund amount requested should be based on the needs of the department with a maximum amount of \$1,500.

IV. SAFEGUARDS

The level of cash handling safeguards required is dependent on the level of risk at that location. Central cash collection points generally have a higher level of risk than units that occasionally receive cash.

A. Risk Evaluation

To evaluate the level of risk, the following factors are to be considered:

- i. The amount of money involved.
- ii. The physical-geographic location.

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- iii. The hours of operation.
- iv. The past loss experience.
- v. The number of employees involved.

B. Required Cash Handling Safeguards

The following cash handling safeguards are required:

- i. All cash shall be kept in a fire-resistant storage container (safe, chest, cabinet, or desk) that cannot be easily removed from the premises and is equipped with at least one locking device. Safe doors shall be kept closed during working hours and shall be locked at all other times. Large sums of cash shall be counted and handled out of sight of the general public.
- ii. Any employee who handles cash is responsible for that cash. A supervisor of any employee who handles cash is responsible for ensuring that proper and reasonable safeguards are followed.
- iii. Cash shall never be left unattended – this applies to cash registers and workstations. If an employee leaves their workstation for any reason, regardless of how briefly, all cash shall be appropriately secured in a locked place.
- iv. Cash collected may not be utilized as petty cash for expenses, nor used to cash checks, but shall be deposited intact in a timely manner per these regulations.

Departments receiving cash on behalf of the college are responsible for maintaining security over that cash. Proper handling, adequate records, and physical security shall be emphasized to each employee having access to, or responsibility for, any college assets.

Departments shall follow these regulations. Failure to do so may result in losing authorization to handle cash in addition to any other administrative or disciplinary action that may be required.

Cash collection points, petty cash funds, and change funds shall periodically be subject to unannounced cash counts/audits by the Internal Auditor and/or external auditor.